

EXHIBIT 40

SOM TEAM ACTIVITY LOG

Suspicious Order Monitoring Program
Dosage Products Shipments from Hobart
Activities 10/2008 through 06/2010

08/10 updated in electronic 1 of 4
current copy.

08/08

Enhanced Suspicious Order Monitoring (SOM) draft procedure sent to Mallinckrodt cross functional team for internal review

10/08

"Old Version" Report sent to DEA Albany

Report methodology:

Eileen Spaulding compiled this report by taking the e-mails that were sent to her at the end of each month using the old algorithms and would subtract out any wholesaler/retailer/distributors. Then she would review the remaining orders to see if there were any anomalies and if so would have the CSR call the customer to determine why they ordered an unusual quantity. In many cases it was a clinic that was preparing to move or had increased their patient base due to the closing of another clinic. Eileen would document the reason for the increased order and leave them on the list submitted to DEA to show that we were in fact checking the orders and documenting the reasons for the increased orders.

This reporting system was discontinued in the wake of new order algorithms that the SOM team was establishing.

DEA ALBANY VERBALLY REQUESTS QUARTERLY
UPDATES OF ALL ORDERS WE HAVE REVIEWED AS
peculiar

10/08

Mallinckrodt reviews recent DEA actions taken that focus on Distributors including McKesson and Cardinal Health

10/17/2008

Mallinckrodt reviews HDMA Industry Guidance and DEA General Counsel memo to HDMA after DEA review of HDMA program

10/27 through 10/29/2008

DEA Compliance Manager and Customer Service Manager attend Cegedim Dendrite Industry Conference in Washington, D.C. Agenda focus is Suspicious Order Monitoring

10/29/2008

DEA Compliance Manager and Customer Service Manager attend Midwest Controlled Substance Group Suspicious Order Monitoring Discussion in Washington, D.C.

01/27/2009

Mallinckrodt SOM Team conducts a conference call with Drug & Chemical Advisory Group (Frank Sapienza and colleagues) to review Mallinckrodt Draft Revised SOM Program

01/27/2009

Cathy Stewart begins working with our Information Service Group to develop an electronic system modeled after HDMA Guideline (attached) Pages 7 and 8.

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Further, we are requesting input from the business (Dave Irwin and Bob Lesnak) regarding customer signature and notarization requested on Page 4 Paragraph B of HDMA Guideline

02/13/2009

Mallinckrodt SOM Team conducts a conference call with Drug & Chemical Advisory Group (Frank Sapienza and colleagues) to review Mallinckrodt Draft Revised SOM.

02/16/2009

SOM Draft Procedures sent to Legal Dept for further review relative to new tasks being created as part of the revised program
Current draft contains edit changes based upon efficiencies gained in a recent Customer Service Kaizen Event and Controlled Substance Compliance organizational realignment within Pharma Logistics

REDACTED

03/02/2009

Jim Rausch continues work with IS to define the criteria of what would be a peculiar order and how to determine programmatic flags for detection

03/05/2009

CSR Managers begin review of customer segmentation categories within the order entry system to determine if separate algorithms to define peculiar order patterns will be necessary based on class of trade

03/12/2009

Prototype report format becomes available, work on algorithms continues

05/29/2009

Informational meetings held for Customer Service Reps to discuss revised SOM program and new customer questionnaires, CSRs have significant feedback

06/29/2009

Revised customer questionnaires are submitted to Legal that have been updated based upon CSR focus group meetings Jim Rausch and Cathy Stewart conducted with CSRs

06/30/2009

User Requirements Document v1 submitted to IS which details the technical requirements required for generation of an order entry report

07/2009

CDIG begins sending out SOM customer questionnaires

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 07/13/2009

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Work continues with IS on algorithms, e-mail follows from Cathy Stewart
 I'm getting confused.....can you set up some time to talk about this tomorrow if
 this doesn't make sense?

Numbers have to be the sum of actual order for the respective months
 Numbers have to be in monthly buckets
 As I see it.....

Month	1	2	3	4	5	6	7	8	9	10	11
	12	13	14	15	16	17	18	19	20	21	22
	23	24									
	100	100	110	110	115	115	115	120	120	120	120
	125	135	135	135	145	145	145	150	150	150	150
	175	175									

This was we can see that this customer has gradually increased their ordering quantity from 100 a month to 175 per month over the course of the past two years. There may be a legitimate business reason for this but we need to investigate and make sure they're not just gradually increasing their order quantities to not get caught by the [REDACTED] threshold.

Cathy

From: McHale, Robyn O
Sent: Monday, July 13, 2009 1:29 PM
To: Stewart, Cathy
Subject: Incremental Increase Report

Cathy,

I am sorry to ask this again, but my notes for Incremental Increase Report aren't very clear. Is it correct that the ship to/reporting class is included on this report if the total quantity for months 1 - 12 > total quantity for months 13 - 24. Meaning the first 12 months for a ship to/reporting class will always appear on this report because it will be greater than months 13 - 24 which will be 0.

Thanks,
Robyn McHale

Phone: 239-352-0550
 Fax: 239-775-8601
 Cell: 239-821-3673

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07/23/09 through 09/03/09

Work continues with IS

Peculiar order report being generated based upon algorithm settings is 49 pages long

10/27/09

Work continues with IS

Peculiar order report being generated based upon algorithms is 150+ dosage orders per day and 170+ bulk API orders per day

11/18/09

Work continues with IS

30 Day Cumulative Algorithm is turned off because that specific trigger was not spelled out in HDMA guidance and is inflating the peculiar order count

01/2010 and 02/2010

Evaluating whether OpEx can assist with statistical probability, etc. to fine tune algorithms

03/01/10

Daily SOM report (with 30 day cumulative flag active) is approximately 60 lines per day

Once per month SOM (incremental increase report) contains 1100 lines per month

Work with IS continues, ASR is entered to turnoff the 30 day cumulative flag to make daily SOM report more accurate

04/02/10

ASR in progress to turn off the 30 day cumulative flag

04/06/10

IT Advisory Board advises that ASR estimated date of completion is the end of May

04/30/10

Peculiar order calculation changed from [REDACTED]
from

Any order quantity that is double the previous fiscal year and YTD average for a molecule and customer

05/01/10

CSR Manager method for reviewing Peculiar Orders:

Investigation Methodology

Prints order line-by-line and breaks down molecule to code-by-code.

Example, Code 1423, Methylphenidate versus other Methylphenidate skus 1451, 1122, 1124

Issues a word writer report for how much Code 1423 customer has ordered over the previous 12 months.

Manually adds up monthly quantity of Code 1423 customer has purchased.

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Checks previous monthly quantities of Code 1423 against current order and current month to see if purchase is in line with previous purchases (from the monthly perspective).

Okays order if no significant deviation from previous months' purchases by sku.

Checks with commercial group if significant deviation from previous months' purchases by sku.